

Message Text

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13

ACTION AF-18

INFO OCT-01 EUR-25 NEA-10 ISO-00 EB-11 COME-00 SCI-06

SCEM-02 INT-08 TRSE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 OMB-01 DRC-01 AID-20 /180 W

----- 116346

R 281235Z DEC 73

FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 4516

INFO AMEMBASSY ABU DHABI

AMEMBASSY ADDIS ABABA

AMEMBASSY BUJUMBURA

AMEMBASSY GABORONE

AMEMBASSY KIGALI

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY NAIROBI

AMEMBASSY VIENNA

AMCONSUL ZANZIBAR

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DEPARTMENT PASS ALGIERS, BAGHDAD, CAIRO

E.O. 11652: N/A

TAGS: ENRG, TZ

SUBJ: TANZANIA, WITH AMPLE CRUDE SUPPLIES, CONTINUES TO
SEEK CONCESSIONARY CRUDE PRICES

REF: (A) ADDIS ABABA 13474 (NOTAL) (B) DAR ES SALAAM 4207
(NOTAL) (C) NAIROBI 8121 (NOTAL)

1. DAILY NEWS DECEMBER 28 FEATURED OAU OIL COMMITTEE MEETING
(REF A) AND REPORTED EIGHT-MAN TANZANIAN DELEGATION, HEADED BY
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FOREIGN MINISTER MALECELA AND COMMERCE AND INDUSTRIES MINISTER

JAMAL WILL FLY TO ADDIS DEC. 28. AFTERWARDS TANZANIAN DELEGATION WILL TRAVEL TO IRAQ, QATAR, KUWAIT AND UNION OF ARAB EMIRATES "FOR OFFICIAL TALKS ON OIL". WE UNDERSTAND MIDDLE-EAST TRIP IS FOLLOW-UP TO EARLIER JAMAL TRIP AND VISIT HERE BY ABU DHABI OFFICIALS (REF B) WHEN CONCESSIONARY PRICING OF CRUDE WAS DISCUSSED. GOVERNMENT SOURCE HAS NOTED PRIVATELY JAMAL DOUBTFUL THAT HOSTS ON THIS TRIP WILL BE MORE FORTHCOMING ON PRICE CONCESSIONS THAN IN PAST.

2. IN ADDITION TO FOREGOING, RESIDENT LONDON OBSERVER CORRESPONDENT LEARNED FROM STAFF MEMBER OF LOCAL LIBERATION COMMITTEE THAT ALERIAN GOVERNMENT OFFICIAL MOHAMMED SAHNUN, (NOW IN CAIRO) WILL TRAVEL TO DAR SOON TO DISCUSS OIL MATTERS. NEWSMAN COULD NOT DETERMINE SAHNUN'S ETA OR PRECISE OFFERS (IF ANY) HE WILL BRING.

3. IN CONTRAST TO SITUATION IN KENYA (REF C) TANZANIA HAS NO IMMEDIATE ENERGY PROBLEMS TO COPE WITH. LOCAL CALTEX MANAGER (MASSON) TOLD EMBASSY THAT CRUDE STOCKS SO LARGE THAT REFINERY "HAD TO TURN SOME AWAY" BECAUSE IT DOES NOT HAVE SUFFICIENT STORAGE CAPACITY. CALTEX IS EXPECTING TANKER ON JANUARY 8 CARRYING 28,000 TONS (ABOUT TWO-WEEKS REQUIREMENT FOR TANZANIA) AND MASSON DOES NOT BELIEVE IT WILL BE ABLE TO DISCHARGE FULL SHIPMENT. MASSON ESTIMATES TANZANIA, APART FROM VERY NORTHERN PART OF COUNTRY (WHICH IS SUPPLIED BY SISTER MARKETING COMPANIES IN KENYA), WILL HAVE AMPLE STOCKS TO MEET MARKET DEMAND UNTIL APRIL.

4. MASSON ALSO REPORTS MARKETING COMPANIES HAVE SUBMITTED RATIONING PLANS TO TANGOV BUT LATTER HAS, IN REPLY, EXHIBITED "PECULIARLY COMPLACENT ATTITUDE". RECENT MEETING WITH JAMAL DEMONSTRATED TANGOV IS MORE OCCUPIED WITH LONG-TERM IMPACT HIGHER PETROLEUM PRICES WILL HAVE ON TANZANIA'S BALANCE OF PAYMENTS. ONE SOLUTION IS TO LET MARKET FORCES REDUCE CONSUMPTION. CONSEQUENTLY, SIGNIFICANT INCREASE IN DOMESTIC PRICES OF POL ARE PREDICTED TO BE ANNOUNCED SHORTLY.

5. COMMENT: DIFFICULT TO DETERMINE WHY TANZANIA SHOULD HAVE ABUNDANT SUPPLIES OF CRUDE. POSSIBLY TANGOV HAS APPEALED TO OIL PRODUCING COUNTRIES TO PROVIDE ENOUGH CRUDE TO ZAMBIAN LIMITED OFFICIAL USE

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TRAFFIC MOVING. HOWEVER, MASSON SUGGESTS IT MAY BE RELATED TO QUOTA ASSIGNED BY MIDDLE-EAST SUPPLIERS ON BASIS OF AVERAGE MONTHLY CRUDE IMPORTS DURING FIRST NINE MONTHS 1973 OR SEPTEMBER 1973 (WHICHEVER IS GREATER). DURING FIRST FOUR MONTHS 1973 TANZANIA REFINED CRUDE FOR ZAMBIAN MARKET UNTIL ZAMBIA COMMENCED RECEIVING OWN CRUDE DELIVERIES. CONSEQUENTLY TANZANIA 1973 AVERAGE MONTHLY CRUDE IMPORTS SIGNIFICANTLY HIGHER THAN ACTUAL DOMESTIC REQUIREMENTS.

CARTER

NOTE BY OC/T: NOT PASSED ALGIERS, BAGHDAD AND CAIRO.

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